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IN THIS ISSUE

Is Global Outsourcing the Answer?

HOIT 2003: Networked Home and The Home of the Future

CRITO in the News

Recent Publications and Talks

Inside CRITO

Upcoming Events

To update your contact information, add a colleague or receive the CRITO Newsletter electronically, please contact Karen Walsh at kmwalsh@uci.edu

Is Global Outsourcing the Answer?

by Kenneth L. Kraemer

Managers considering sending skilled jobs abroad will soon have CRITO guidelines to help them assess the potential risks and rewards.

Guidelines will come out of a research project beginning this summer led by Professor Ken Kraemer and Jason Dedrick. They will focus on the computer industry, where the practice of outsourcing to foreign professionals is growing quickly because of the need to cut costs, speed up development and create new markets. The guidelines will also help executives in other industries.

The team will study companies that have already hired foreign professionals in areas such as product design, engineering and software development. Researchers will interview managers of the parent companies and the firms they contract with and will use their experiences to help guide executives facing similar decisions.

Professor Kraemer notes that many firms fail to adequately consider the costs that come with sending work to countries with cheaper labor such as China, India or Taiwan.

"They're all hyping it. Nobody's looking at the drawbacks," he said of professional conferences that have sprung

up in response to the trend.

In one case, a company that contracted for work abroad discovered a disparity between the experienced workers they met when they were sold a labor contract and the recent university graduates who actually did the job. In the end, the work in India was a year behind schedule, delaying the launch of the company's new product. Company representatives say they may have to go out of business as a result of the lost revenue.

The outsourcing research is possible thanks to a \$40,000 IBM grant awarded in February. Professor Kraemer expects to have the guidelines completed within a year as part of a larger, longer investigation into outsourcing abroad.

He will also look at the results of the outsourcing trend from a public policy perspective, considering how it might affect the U.S. job market.

Kraemer is CRITO's director and is the Taco Bell professor of Information Systems at the Graduate School of Management. Dedrick is a Senior Research Fellow at CRITO and is pursuing a PhD at GSM.

For more information, contact Ken Kraemer at kkraemer@uci.edu.

HOIT 2003: Networked Home and the Home of the Future

Experts and industry leaders will talk about the ways information technology is affecting people's personal lives at the Home Oriented Informatics and Telematics (HOIT) 2003 conference - The Networked Home and the Home of the Future. The event will be held April 6-8, 2003, at the Beckman Center, UC Irvine.



Corporate, government and academic speakers will touch on current trends and the latest product and policy initiatives. The three-day event is hosted by CRITO and sponsored by Microsoft. Alladi Venkatesh, a professor with the Graduate School of Management at UC Irvine and a conference organizer said, "Technology is changing behaviors at home and enabling people to connect home, shopping, school and work, creating new ways of communicating and handling tasks."

Among the speakers are: MIT Professor Keith Hampton, who will talk about the effects of technology transferring public activities into private homes; Lee Rainie, director of the Pew Internet & American Life Project, who will present his research on online Americans; Kaveri Subrahmanyam, a professor of Child and Family Studies at CSU Los Angeles, who will focus on teenagers as the biggest Internet consumers, with more than 78 percent of teens going online for significant amounts of time every day.

For additional information on the HOIT Conference, visit www.crito.uci.edu/noah. Look for findings from the conference in the next edition of the CRITO newsletter.

CRITO Consortium University of California, Irvine

CRITO Consortium Meeting

The next Industry Advisory Board Meeting will be held June 12 to 13 at the Center Club in Costa Mesa. The twice-yearly event for CRITO Consortium members features presentations on current projects and planned CRITO research. Papers and slides are available from the January 2003 IAB meeting at <http://www.crito.uci.edu/calendar.asp>.



Industry reps and UCI faculty take part in the winter IAB meeting.

INFORMS

In a recent comparison of business school research publishing productivity in INFORMS journal, UC Irvine placed eighth in the nation. CRITO is specifically mentioned as a driver of this ranking in the December article:

"Notable highly productive research houses such as MIT's Sloan School and **CRITO** at the University of California-Irvine do not come under this umbrella, but figure prominently in the Business School comparisons." The full article in OR/MS Today can be accessed at <http://www.lionhrtpub.com/orms/orms-12-02/frpaperchase.html>.

The Orange Country Register

CRITO Faculty Associate, **Mary Gilly** was featured extensively as an expert in a story about consumer complaints that ran January 13 in the Orange County Register. Gilly, a professor of Marketing at the Graduate School of Management, focuses on consumer experiences. She is currently doing research for CRITO on Seniors and the Internet.

The Business Times Online, Singapore

CRITO affiliate, **Poh-Kam Wong**, was quoted by The Business Times, Singapore Online Edition in an article about research on globalization and e-commerce. "While many firms reported gains from e-commerce adoption, an even greater proportion reported increased competition," Professor Wong told The Times during an interview about the benefits and challenges of e-commerce. He is a co-author of the CRITO paper on the e-commerce project and is a professor with the Center for Management of Innovation and Technopreneurship at the University of Singapore.

Irvine World News

Excerpt, February 13: "**Paul Gray**, professor emeritus and founding chair of information science at Claremont Graduate University, has received the Leo Award for Lifetime Exceptional Achievement in Information Systems. The award was recently presented in Barcelona, Spain, at the annual meeting of the International Conference on Information Systems.

Gray initiated the study of information systems at Claremont in 1983 and taught at the university until he retired in May 2001. He was instrumental in attracting a \$2 million IBM grant to Claremont Graduate University. The funds helped establish the university as a leader in the area of information systems.

Gray specializes in information systems, particularly decision support systems, knowledge management, data warehousing and electronic commerce. Although Gray of Irvine is retired, he continues to teach and is a visiting professor at UC Irvine. He also continues to do research, consult and curate the Paul Gray PC Museum at Claremont."

San Francisco Chronicle

CRITO Consortium representative, **John Garstka** from the Department of Defense, Office of Force Transformation, was featured in a March 23 San Francisco Chronicle article on the importance of technological innovations in the current conflict in Iraq. <http://www.sfgate.com/cgi-bin/article.cgi?file=/chronicle/archive/2003/03/23/IN11109.DTL>.

Recent Publications and Talks

Imran Currim recently published two articles in the Journal of Marketing Research. They focus on alternative procedures for estimating customer-preference models, or conjoint analysis, and customer-choice models, or multinomial logit models. The first model is used widely to design new products and services while the second model is used to decide how to market existing products and services. The papers can be found at <http://web.gsm.uci.edu/~currim/publications.htm>

Sanjeev Dewan gave a conference presentation on "Risk Versus Return of Information Technology Investment: A Firm Level Analysis" at the Workshop on Information Systems and Economics, Barcelona, Spain, December 2002. The presentation focused on an analysis of the risk-return relationship of IT investment, based on a production function and market value analysis.

Visiting Professor **Paul Gray** published: Scenarios for Electronic Publishing Journal: Information Systems Frontiers, with A. Hovav, 2002. The introduction of the World Wide Web spurred major changes in the world of academic publishing, particularly electronic journals. This article introduces four scenarios of the economic viability of e-journals and their acceptance; Technologies for Disseminating Knowledge Ch. 38 in C.W. Holsapple (ed) Handbook of Knowledge Management, Springer (2003) (with S. Tehrani) Vol. 2, pp. 109-128. This chapter of the handbook examines present and future technologies for transferring knowledge both within and between firms.

CRITO announces a new paper from its Globalization of E-Commerce Project. "Impacts of Globalization on E-Commerce Adoption and Firm Performance: A Cross-Country Investigation" can be accessed at: <http://crito.uci.edu/publications/pdf/gec/JIBS.pdf> It was written by **Kenneth L. Kraemer, Jennifer Gibbs** and **Jason Dedrick**. This paper develops and tests a model examining the relationship between firm globalization, e-commerce adoption and firm performance, using data from a large-scale, cross-country survey of firms from three industries. It finds that globalization leads to both e-commerce adoption and

improved performance, measured as efficiency, coordination, and commerce (sales and market position). E-commerce adoption also leads to greater firm performance of all three types. Globalization has differential effects on B2B and B2C e-commerce, however, such that highly global firms are more likely to do B2B but less likely to do B2C. The findings provide support for Michael Porter's thesis that upstream business activities (namely, B2B) are more global while downstream business activities (B2C) are more local or multi-domestic.

Alfred Kobsa presented an invited keynote talk on "Universal Design and Privacy" at the 7th ERCIM Workshop "User Interfaces for All", Paris, France, October 2002 (see <http://www.ics.uci.edu/~kobsa/talks/UI4ALL-2002/ui4all.htm>)

Yimam, D. and A. Kobsa (2003): Expert Finding Systems for Organizations: Problem and Domain Analysis and the DEMOIR Approach. In M. Ackerman, V. Pipek and V. Wulf, eds: Beyond Knowledge Management: Sharing Expertise. Cambridge, MA: MIT Press.

Alfred Kobsa's Ph.D. student **Detlef Küpper** became a Professor at the University of Applied Sciences, Aalen, Germany.

Alfred Kobsa's Ph.D. student **Jörg Schreck** published a revised version of his Ph.D. thesis on "Privacy and Security in User Modeling" with Kluwer Academic Publishers (see <http://www.wkap.nl/prod/b/1-4020-1130-X>).

Witkowski, Terry and CRITO Associate **Mary Wolfenbarger** (2002), "Comparative Service Quality: German and American Ratings Across Service Settings," Journal of Business Research, Vol. 55 (November) 875-881. The manuscript shows that a well-known instrument for evaluating services, SERVQUAL, predicts quality reasonably well in five different German and American service settings: retail stores, banks, medical settings, post offices and restaurants.

CRITOnians Win Best Paper Award

Professors **Kevin Zhu** and **Ken Kraemer** along with their doctoral student, **Sean Xu**, were honored with the Best Paper Award, Conference Theme, at the International Conference on Information Systems (ICIS). Their paper was selected as the winner out of 526 submissions, with 93 accepted by ICIS, which is the largest, widely-recognized academic conference in the field of information systems in the world. The paper was entitled "A Cross Country Study of Electronic Business Adoption Using the Technology-Organization-Environment Framework." The theme of this year's conference is "meeting the challenges of a global networked economy." This prestigious Best Paper Award is another indication of the quality of research being conducted in CRITO. The paper can be accessed via:<http://crito.uci.edu/publications/pdf/CrossCountryStudy.pdf> or <http://crito.uci.edu/publications/pdf/CrossCountryStudy.pdf>. This paper is a part of the Globalization of E-Commerce Project, supported by the National Science Foundation.

Alladi Venkatesh Chosen for Outreach Role

CRITO Associate and professor at the Graduate School of Management, **Alladi Venkatesh**, has been named one of UCI's first Community Equity Advisors. The role of the Community Equity Advisors is to promote faculty diversity by helping to bring issues of underrepresented faculty to the attention of administration in the areas of recruitment, retention and advancement. He will also work on diversity issues with the UCI Advance Programs, the Office of Equal Opportunity and Diversity, and the Office of the Executive Vice Chancellor. Community Equity Advisors are selected from campus-wide nominations and began serving two-year terms January 1, 2003. Dr. Venkatesh currently

studies issues related to technology in the home and wired communities.

Paul Gray Honored

Visiting Professor **Paul Gray** (pictured, on right, with Jay Nunamaker, Jr., of University of Arizona) was elected Fellow of the Institute for Operations Research and Management Sciences, INFORMS, in November



2002. He also received the Lifetime Exceptional Achievement in Information Systems Award from the Association for Information Systems. It was handed out at the International Conference in Information Systems in Barcelona in December 2002. For more information: <http://www.aisnet.org>.

Welcome to CRITO's New Fellowship Award Winner



Congratulations to **Ann Griffith** (pictured), GSM MBA '04, on being awarded a CRITO Fellowship. Ann will receive a grant and stipend for performing research and marketing activities at CRITO. Prior to starting at UCI, Ann worked as a journalist. She

will study at ESSEC business school near Paris during a fall quarter abroad and plans to launch a marketing career after graduation next year.

Upcoming Events

CRITO Hour Seminars

April 3 - Dr. Sharad Mehrotra, Assistant Professor, School of Information and Computer Science, UCI, "Information Technology Issues in Homeland Security"



April 10 - Dr. Chen Li, Assistant Professor, School of Information and Computer Science, UCI "Your Data Is Dirty – Detecting and Removing Data Errors"

Seminars will take place Thursdays at 1 p.m. in the CRITO Conference room at 3200 Berkeley Place, UC Irvine. Sessions are free and open to the public. Lunch will be served. (949) 824-1323

HOIT 2003 – The Networked Home and the Home of the Future, April 6-8, 2003, Beckman Center, UC Irvine. Academic experts and industry leaders discuss the latest product, societal and policy innovations. www.crito.uci.edu/noah.



Name the Newsletter Contest

CRITO is calling for your help renaming this quarterly newsletter. Send your creative ideas to Karen Walsh, Director of External Relations, at kmwalsh@uci.edu. The winner will be announced in the next issue of the newsletter and receive a \$25 gift certificate to Starbucks.



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